



APPLIED DIGITAL AGENCY ANNUAL REPORT

2019 Digital Technology Adoption Benchmarks and Trends



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Survey Overview

The Applied Digital Agency Annual Report: 2019 Digital Technology Adoption Benchmarks and Trends was produced by Applied Systems.

More than 850 independent agencies across the U.S., Canada, UK and Ireland participated in the 4th Annual Applied Digital Agency Survey, from which the results of this report were generated. Respondents voluntarily participated in an online survey conducted in Q1 2019. The findings are based on responses to a set of questions about agency technology use. The responses provided the data to calculate a digital score for each agency taking the survey, and identified baselines for technology adoption.

The survey questions examined five core competencies of a digital agency, including management system capabilities, mobility, insurer connectivity, data analytics and cloud software. Agencies scoring 80% or higher across all core competencies were considered to be digital agencies, having adopted most of the key drivers of digital transformation.

According to the survey, the average for digital technology adoption at an independent agency in 2019 is 43%.

Why the Digital Agency

Now that the digital transformation of insurance is here, opportunities abound for agencies who are ready to take the steps necessary to become a digital agency. A distinct set of core characteristics define a digital agency and enable more efficient operations, more informed business decisions, better insurer relationships, improved customer service, and accelerated growth and profitability across all lines of business.

The three core characteristics of a digital agency include:

- Digital automation within an agency to drive extreme efficiency
- Digital connectivity to insureds to drive an enhanced customer experience
- Digital connectivity to insurers to drive efficient interactions





Key Takeaways

43%

is the average for digital technology adoption at an independent agency in 2019. Given this score is nearly the same as 2018 (44%), it reveals that agencies still have a long runway in terms of digital technology adoption and realizing the opportunities it provides to service and support connected consumers in the digital age.

96%

use a management system. This almost ubiquitous adoption by agencies confirms that the management system remains the foundation of their businesses and is indispensable for their day-to-day operations.

47%

have mobile access to management system information, and even fewer, 18% and 24% respectively, offer clients mobile apps and self-service portals. A significant competitive advantage exists for agencies that adopt mobile technology. Given 90% of consumers expect an online portal for customer service (Microsoft), the time is now for agencies to embrace mobile technology for both clients and staff.

91%

receive download directly into the management system. Use of download services is strong among agencies across all regions. Adoption of eDocs and Messages download continues to grow, and U.S. agencies are beginning to discover the value of having Benefits download alongside their P&C business. This response mirrors statistics reported in the annual IVANS Agency-Insurer Connectivity Report, which states that 82% of agencies demand integrated insurer connectivity.

23%

use data analytics applications to gain insights from their management system data. Year over year, data analytics use has increased 3%. Although a measured response, ambivalence to adopting data analytics may be shifting as more and more agencies realize the competitive advantage it brings in the “age of data.”

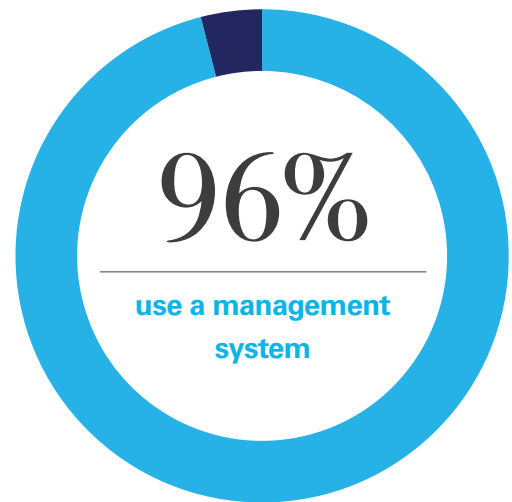
69%

host software in the cloud. Cloud continues to be the top choice among agencies for software hosting. From increased data security and performance to reduced IT management and expenses, the benefits of moving operations to the cloud are clear.



Management System: The Foundation of Your Business

96% use a management system. This almost ubiquitous adoption by agencies confirms that the management system remains the foundation of their businesses and is indispensable for their day-to-day operations.



Top Capabilities Used

94%

Document management

76%

Financial reporting
and accounting

74%

Complete visibility into all
departments via one system

Capabilities Growing in Use



13% increase year over year in use of integrated rating in the management system



12% increase year over year in use of workflow process management



3% increase year over year in use of document management

Standout Stats



317% increase year over year in use of eSignature by Irish brokers



24% increase year over year in use of use integrated rating in the management system by U.S. agents

Business Impact

Best-in-class digital agencies use one system of record across all lines of business, locations and roles. The benefits of a single foundational management system include lower total cost of ownership, better business visibility, more standardized workflows, and eliminating time spent managing and updating disparate systems.

Consider This



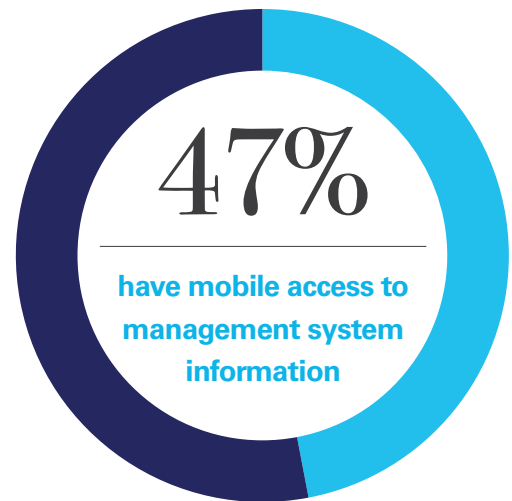
Switching between multiple, disparate systems can reduce staff productivity by as much as 30%.

Source: American Psychological Association



Mobile: The Vehicle for Anytime, Anywhere Service

Only 47% have mobile access to management system information, and even fewer, 18% and 24% respectively, offer clients mobile apps and self-service portals. A significant competitive advantage exists for agencies that adopt mobile technology. Given 90% of consumers expect an online portal for customer service (Microsoft), the time is now for agencies to embrace mobile technology for both clients and staff.



Customer Self-Service Portal

76%

do not have a customer
self-service portal

Customer Mobile App

82%

do not provide mobile apps
to clients

Staff Mobile Tools



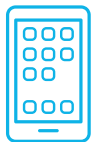
53% cannot access management system via mobile

Standout Stats



No customer self-service portal:

- 96% (Ireland)
- 77% (Canada)
- 76% (UK)
- 67% (U.S.)



No customer mobile app:

- 93% (Ireland)
- 92% (UK)
- 79% (U.S.)
- 73% (Canada)



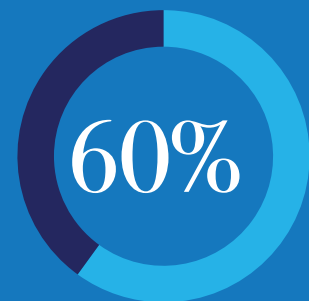
No staff mobile tools:

- 69% (Ireland)
- 67% (UK)
- 56% (Canada)
- 47% (U.S.)

Business Impact

Customer experience is today's battleground in customer retention. Insurance consumers expect omnichannel service in real time via whatever channel they choose. Giving staff remote access to information and tools within the management system empowers them to quickly respond to client and prospect service and sales requests – anytime, anywhere.

Consider This



60% of organizations focused on customer experience drive higher profitability.

Source: Deloitte



Insurer Connectivity: The Ultimate Time Saver

91% receive download directly into the management system. Use of download services is strong among agencies across all regions. Adoption of eDocs and Messages download continues to grow, and U.S. agencies are beginning to discover the value of having Benefits download alongside their P&C business. This response mirrors statistics reported in the annual IVANS Agency-Insurer Connectivity Report, which states that 82% of agencies demand integrated insurer connectivity.



Download Service Types Received

88%

Personal Lines

71%

Commercial Lines

63%

eDocs and Messages

57%

Claims

Connectivity Technology Use



80% are registered IVANS
Exchange users



48% are IVANS Markets users



63% are comparative rating users

Standout Stats



75% increase in eDoc and Messages
download use compared to 2016



7% of U.S. agents receive eDocs and
Messages download for Benefits

Business Impact

Independent agents must work in tandem with insurer partners to ensure the best coverage and service. Through increased connectivity, agents have greater access to markets and automated servicing, providing instant access to the latest client information – from quotes to policy details to claims management – at a moment's notice and when clients need it most.

Consider This

60 minutes

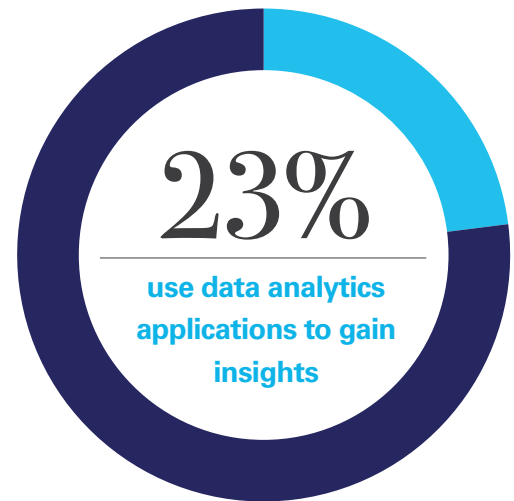
By using download services, agencies save at least 60 minutes per employee per day.

Source: IVANS Annual Agency-Insurer Connectivity Report, 2018



Data Analytics: The Underutilized Secret Weapon

23% use data analytics applications to gain insights from their management system data. Year over year, data analytics use has increased 3%. Although a measured response, ambivalence to adopting data analytics may be shifting as more and more agencies realize the competitive advantage it brings in the “age of data.”



Strongest Adopters

30%

Ireland

Weakest Adopters

20%

Canada

Standout Stats



28% increase year over year
in use of data analytics by
U.S. agents



29% of UK brokers use
data analytics

Business Impact

The industry is moving at a faster pace and today's insurance consumer is more connected than ever before. At the center driving it all – is data. In this new environment, reliance on outdated, manual reporting is no longer sufficient. To thrive in the age of data, agencies need to gather, process and get insights from data in real time across the entire business. Fortunately, data analytics solutions have rapidly advanced and are extremely accessible to any business regardless of size, revenue and/or IT resources. Making the shift from being a data-generating organization to one that is data-powered gives agencies a competitive edge through enhanced decision making, insight discovery and process optimization.

Consider This

23x

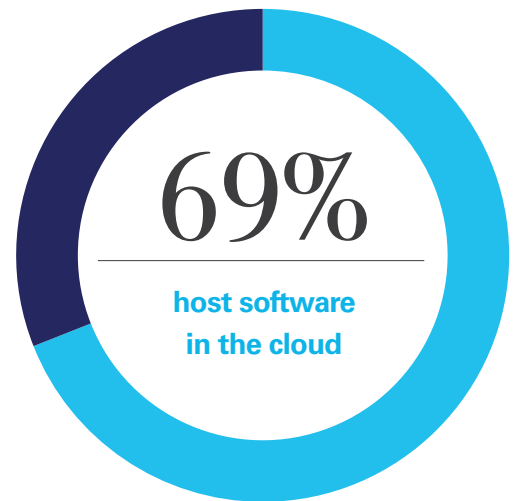
Data-driven organizations are 23x more likely to acquire customers, 6x as likely to retain customers, and 19x as likely to be profitable as a result.

McKinsey Global Institute



Cloud: The Hassle-Free, Secure Business Go-To

69% host software in the cloud. Cloud continues to be the top choice among agencies for software hosting. From increased data security and performance to reduced IT management and expenses, the benefits of moving operations to the cloud are clear.



Wide Adoption

80%

United Kingdom

75%

United States

52%

Canada

Growing Adoption



Ireland – **38%**

Standout Stats



41% increase in adoption of cloud hosting by Irish brokers since 2017



27% increase in adoption of cloud hosting by UK brokers since 2017

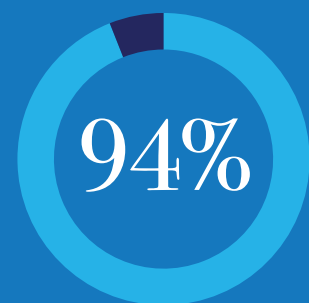


6% increase in adoption of cloud hosting by Canadian brokers since 2017

Business Impact

Hosting the applications that your agency relies on day in and day out in the cloud ensures continuous business operations and secure data. By leveraging software that is accessible anytime, anywhere and backed up by redundancies, your business is always available to customers – even during a catastrophic event that historically would have completely disrupted agency operations. Additionally, by eliminating the time and expense managing IT systems, more of your staff's time can be spent selling insurance and servicing customers.

Consider This



94% of companies that suffer from a catastrophic data loss do not survive.

Source: University of Texas

Why Becoming a Digital Agency Matters

Digital agencies experience greater monetary return. Overall, agencies that completely transform into a digital business experience 158% higher revenue per employee than those that do not. When agents are focused on selling and serving customers rather than performing manual tasks, they deliver a better customer experience driving increased retention and business growth.

158%

higher revenue per
employee (RPE)
realized by complete
digital agencies



40% higher RPE for agencies that have a single view of customers



121% higher RPE for agencies that have a customer self-service portal



93% higher RPE for agencies that provide clients a mobile app



98% higher RPE for agencies that provide mobile tools to staff



98% higher RPE for agencies that digitally connect with insurer partners



62% higher RPE for agencies that adopt data analytics solutions



223% higher RPE for agencies that host software in the cloud

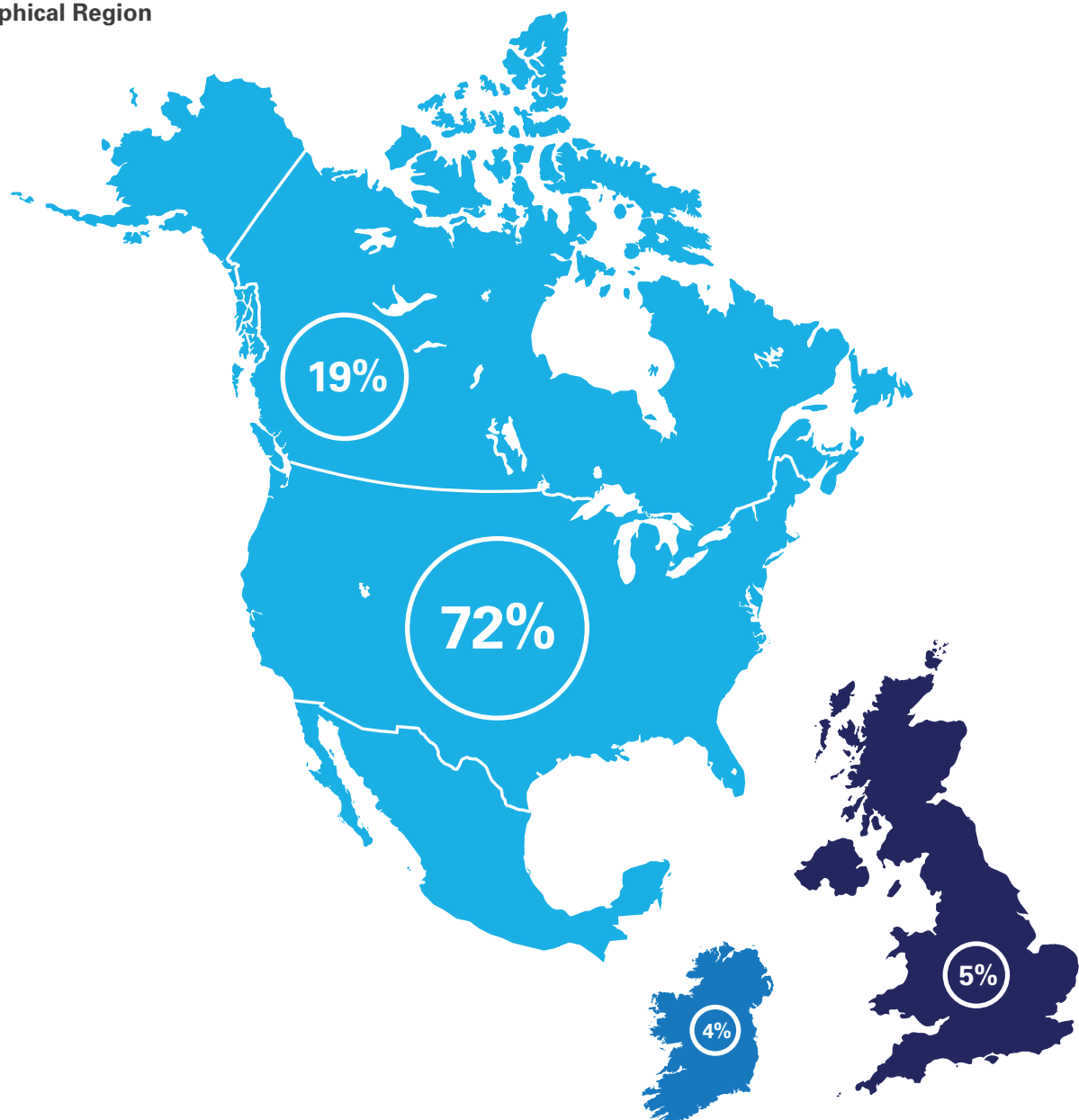
Conclusion

Similar to the 2018 survey results, in 2019 agencies are on par with their digital technology adoption. There remains a strong opportunity to better leverage the core technologies that a digital agency is built on – a foundational management system, mobile, insurer connectivity, data analytics and the cloud.

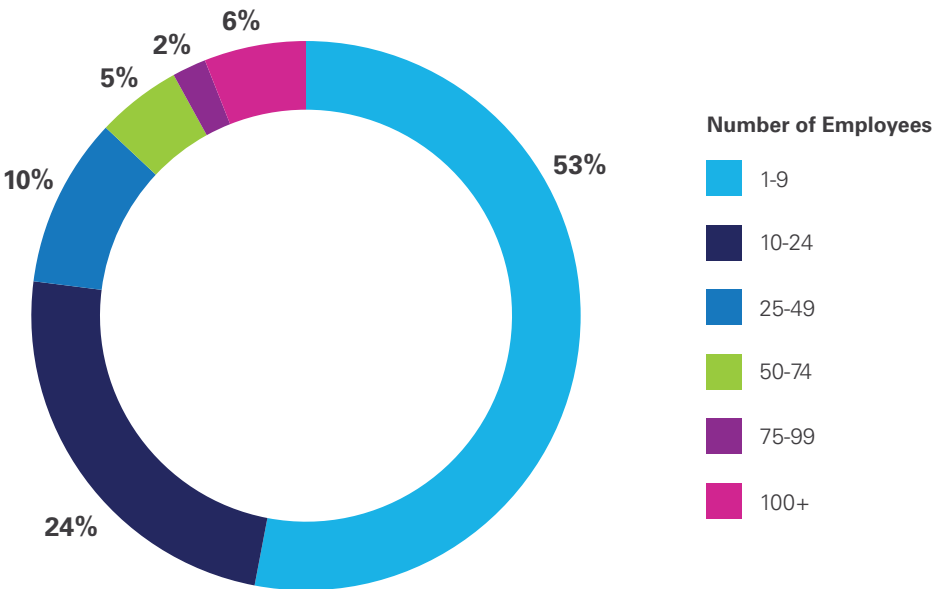


Demographics

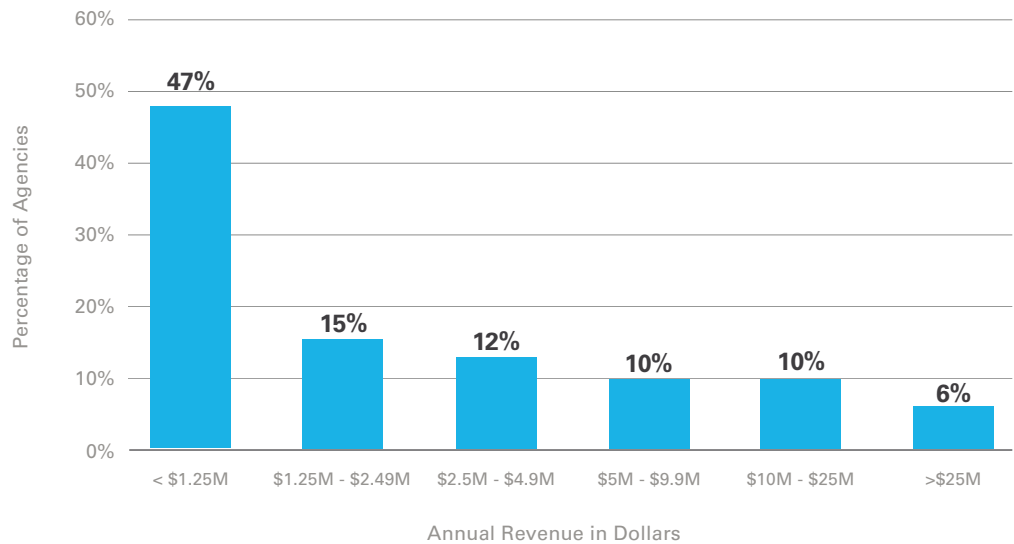
Geographical Region



Agency Size



Agency Revenue



About Applied Systems

Applied Systems is the leading global provider of cloud-based software that powers the business of insurance.

Recognized as a pioneer in insurance automation and the innovation leader, Applied is the world's largest provider of agency and brokerage management systems, serving customers throughout the United States, Canada, the Republic of Ireland, and the United Kingdom. By automating the insurance lifecycle, Applied's people and products enable millions of people around the world to safeguard and protect what matters most.



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